

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2005-399-C - ORDER NO. 2006-186
MARCH 28, 2006

IN RE: Joint Application of Alltel Holding Corporate) ORDER GRANTING
Services, Incorporated (AHCSI) and Alltel) EXPEDITED REVIEW
Communications, Incorporated (ACI) to) AND APPROVING
Approve the Transfer of ACI's Authority to) APPLICATION
Provide Local Exchange Services to AHCSI,)
Grant AHCSI Certification to Provide Long)
Distance Services in South Carolina.)

I. INTRODUCTION

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Joint Application of Alltel Holding Corporate Services, Inc. (AHCSI) and Alltel Communications, Inc. (ACI) (together, the Joint Applicants) for approval of the following: (1) the transfer of ACI's authority to provide local exchange services to AHCSI; (2) certification to AHCSI to provide resold long distance services in South Carolina; and (3) the transfer of local exchange and long distance resale customers from ACI to AHCSI. The Joint Applicants further request that AHCSI be regulated subject to alternative regulation as was first granted to ACI by the Commission in Order No. 98-484 in Docket No. 98-214-C, and flexible regulation as was first granted in Order Nos. 95-1734 and 96-55 issued in Docket No. 95-661-C. According to the Joint Application, the only change apparent to customers will be in the change of the name of the customers' service provider. AHCSI's name will be changed before this transfer is

effective; however, the new name has not been determined as of the date of the filing of the Joint Application. According to the Joint Application, upon approval by the Commission, AHCSI can provide business and residential customers an integrated set of telecommunicate products and services, including local exchange, local access, domestic and international long distance telephone, data and dial up access to the Internet. The proposed transfers are part of the separation of the wireless and wireline business of Alltel Corporation. In connection with that separation, the local exchange and long distance resale business of Alltel Communications will be transferred to and become a part of the new wireline business and a new name will be adopted. After the effective date of the transfer, according to the Joint Application, AHCSI will provide the same local and long distance telecommunications services to former customers of ACI.

Pursuant to the instructions of the Commission's Docketing Department, the Joint Applicants published a Notice of Filing in newspapers of general circulation in the proposed service areas. The Joint Applicants furnished Affidavits of Publication to show that they had complied with the instructions of the Docketing Department. No Protests or Petitions to Intervene were received. A letter from the Office of Regulatory Staff (ORS) was received that consented to the Joint Application. Subsequently, a Motion for Expedited Review was received from the Joint Applicants, along with verified testimony.

We grant expedited review and will review the matter based upon the filed verified testimony of Gregg L. Richey, who is Area President of Wireline Services for Alltel Communications, Inc.

II. DISCUSSION

Richey testified that, pursuant to S.C. Code Ann. Section 58-9-310, the Joint Applicants are requesting approval of the transfer of the authority to provide local exchange services in South Carolina from ACI to AHCSI. Additionally, AHCSI is seeking to be certified to provide resold long distance services in South Carolina. The Joint Applicants then request that the Commission approve the transfer of ACI's existing local exchange and long distance resale customers and businesses to AHCSI. Finally, AHCSI requests that it be regulated subject to alternative regulation as the Commission initially granted to ACI and flexible regulation.

Further, Richey stated that, after receiving approval and certification by this Commission, AHCSI will be able to offer business and residential customers in South Carolina an integrated set of telecommunication products and services. Such offerings will include local exchange, local access, domestic and international long distance telephone, data, and dial-up access to the Internet. According to Richey, once the transfer of authority and customers from ACI to AHCSI is complete, AHCSI will possess the financial, managerial, and technical qualifications necessary to provide quality telecommunications services to South Carolina communications consumers.

After the effective date of the approvals and transfers, South Carolina local exchange and long distance customers will receive the same type and quality of telecommunications services from AHCSI that they received from ACI, according to Richey. The Joint Applicants do not expect the transfers to result in any loss or impairment of service to any customer or to have any adverse impact on customers.

Customers will continue to receive their existing telecommunications services at the same rates, terms, and conditions. Any future changes in AHCSI's rates, terms, or conditions of service will be made consistent with the Commission's requirements. The Joint Applicants expect that the only change that will be apparent to customers will be the change in the name of their service provider. AHCSI's name will be changed in the future; however, the Joint Applicants note that the new name has not been determined. It is expected that the transfers will be transparent to customers and the services will be seamless and uninterrupted. Richey testified that customers will be provided with advance written notice of at least thirty days prior to the transfers.

Further, Richey noted that the relief requested by the Joint Applicants is beneficial to ACI, AHCSI, and the customers. Richey asserts that the granting of the Joint Application will serve the public interest, convenience, and necessity. Richey testified that the Commission should grant the relief sought in the Joint Application. Specifically, the Commission should approve the transfer of ACI's authority to provide local exchange services to AHCSI, grant AHCSI's certification to resell long distance services, and approve the transfer of local exchange and long distance businesses from ACI to AHCSI to permit AHCSI to offer local and resold long distance telecommunications services to customers in South Carolina. Additionally, Richey stated that the Commission should approve the alternative regulation for AHCSI as previously granted to ACI, and that these actions are in the public interest. Again, we would note that ORS has consented to the Joint Application.

III. FINDINGS OF FACT

1. ACI's Certificate of Public Convenience and Necessity to provide local exchange services should be transferred to AHCSI.

2. We find that the issuance of a Certificate of Public Convenience and Necessity to AHCSI to operate as a reseller of interexchange telecommunications services in South Carolina would be in the best interest of the citizens of South Carolina by increasing the level of competition in South Carolina, and by increasing consumer awareness of options and services available, thereby encouraging growth and success of competitive services.

3. The transfer of ACI's existing local exchange and long distance resale customers and businesses to AHCSI should be approved.

IV. CONCLUSIONS OF LAW

1. The Commission concludes that AHCSI possesses the managerial, technical, and financial resources to provide both local and interexchange telecommunications services.

2. The Commission concludes that, as the result of the transfer of local authority to AHCSI from ACI, AHCSI will participate in the support of universally available telephone service at affordable rates to the extent that AHCSI may be required to do so by the Commission.

3. The Commission concludes that AHCSI will provide services which will meet the service standards of the Commission.

4. The Commission concludes that approval of AHCSI's Application to provide intrastate telecommunications services within South Carolina will serve the public interest by enhancing competition in the State of South Carolina by offering additional service offerings to South Carolina's consumers and by providing for efficient use of existing telecommunications resources.

5. The Commission concludes that the provision of telecommunications service by AHCSI will not adversely impact the public interest.

6. The Commission concludes that the issuance of the authority to provide intrastate interexchange telecommunications services as requested by AHCSI is in the best interests of the citizens of the State of South Carolina.

7. The Commission concludes that a Certificate of Public Convenience and Necessity should be granted to AHCSI to provide intrastate interexchange telecommunications services. Further, the Certificate of ACI authorizing the provision of local exchange services should be transferred to AHCSI.

8. The Commission adopts a rate design for AHCSI for its resale of residential interexchange services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

9. AHCSI shall not adjust its residential rates below the approved maximum level without notice to the Commission and to the public. AHCSI shall file its proposed

rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for residential services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 2005).

10. The Commission concludes that AHCSI's intrastate interexchange business telecommunications services shall be regulated in accordance with the principles and procedures established for alternative regulation of business service offerings set out in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. The Commission has previously granted this "alternative regulation" to competitive intrastate interexchange carriers operating within South Carolina, and the Commission concludes that the competitive marketplace requires the Commission to allow this flexible regulation to those carriers which request it. Specifically, the Commission-approved alternative regulation allows business service offerings, including consumer card services and operator services, to be subject to a relaxed regulatory scheme identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. However, pursuant to Order No. 2001-997 (Docket No. 2000-407-C), this Commission

has modified alternative regulation by the re-imposition of rate caps with regard to certain “operator-assisted calls” where a customer uses a local exchange carrier’s calling card to complete calls from locations which have not selected that local exchange carrier as the toll provider. Order No. 2001-997, dated November 8, 2001, imposed a maximum cap of \$1.75 for operator surcharges for such calls, and a maximum cap of \$0.35 related to the flat per-minute rate associated with these calls. Under this relaxed regulatory scheme, tariff filings for business services shall be presumed valid upon filing. The Commission will have seven (7) days in which to institute an investigation of any tariff filing. If the Commission institutes an investigation of a particular tariff filing within the seven days, the tariff filing will then be suspended until further Order of the Commission.

11. The Commission concludes that AHCSI’s local exchange telecommunications services shall be regulated in accordance with the principles and procedures established for flexible regulation first granted to NewSouth Communications by Order No. 98-165 in Docket No. 97-467-C. Specifically, the Commission adopts for the AHCSI’s competitive intrastate local exchange services a rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels that will have been previously approved by the Commission. Further, that AHCSI’s local exchange service tariff filings are presumed valid upon filing, subject to the Commission’s right within thirty (30) days to institute an investigation of the tariff filing, in which case the tariff filing would be suspended pending further Order of the

Commission. Further, any such tariff filings will be subject to the same monitoring process as similarly situated competitive local exchange carriers.

12. The transfer of ACI's existing local exchange and long distance resale customers and businesses to AHCSI should be approved.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED THAT:

1. A Certificate of Public Convenience and Necessity should be granted to AHCSI to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission. ACI's Certificate to provide local exchange services shall be transferred to AHCSI.

2. AHCSI's rate designs for its products shall comport to those designs described in Conclusions of Law above.

3. If it has not already done so by the date of issuance of this Order, AHCSI shall file its revised tariff and an accompanying price list for any applicable rates within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

4. AHCSI is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers and facilities-based interexchange carriers should be treated similarly.

5. With regard to the AHCSI's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

6. AHCSI shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If AHCSI changes underlying carriers, it shall notify the Commission in writing.

7. With regard to the origination and termination of toll calls within the same LATA, AHCSI shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dialing parity rules established by the FCC pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209). Specifically, AHCSI shall comply with the imputation standard as adopted by Order No. 93-462 and more fully described in paragraph 4 of the Stipulation and Appendix B approved by Order No. 93-462.

8. AHCSI shall file annual financial information in the form of annual reports and gross receipts reports as required by the Commission. The annual report and the gross receipt report will necessitate the filing of intrastate information. Therefore, AHCSI shall keep financial records on an intrastate basis for South Carolina to comply with the annual report and gross receipts filings. The proper form for filing annual financial information can be found at the Commission's website at www.psc.sc.gov/reference/forms.asp. The title of this form is "Telecommunications

Company Annual Report.” This form shall be utilized by the Company to file annual financial information with the Commission and ORS and shall be filed no later than **April 1st**.

Commission gross receipts forms are due to be filed with the Commission and ORS no later than **August 31st** of each year. The proper form for filing gross receipts information can be found at the ORS website at <http://www.regulatorystaff.sc.gov/>, and the appropriate form is entitled “Gross Receipts Form.”

9. AHCSI shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, AHCSI shall provide to the Commission and ORS in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. AHCSI shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. The “Authorized Utility Representative Information” form can be found at the Commission’s website at www.psc.sc.gov/reference/forms.asp; this form shall be utilized for the provision of this information to the Commission and ORS. Further, AHCSI shall promptly notify the Commission and ORS in writing if the representatives are replaced.

10. AHCSI is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

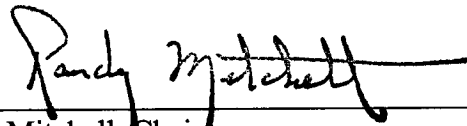
11. Each telecommunications company certified in South Carolina is required to file annually the Intrastate Universal Service Fund (USF) worksheet. This worksheet provides ORS information required to determine each telecommunications company's liability to the State USF fund. The Intrastate USF worksheet is due to be filed annually no later than **August 15th** with the Commission and ORS.

12. AHCSI is further required to comply with, in accordance with its Application and under Title 23, Chapter 47 of the South Carolina Code Annotated, which governs the establishment and implementation of a "Public Safety Communications Center," which is more commonly known as a "911" system or "911 service." Services available through a 911 system include law enforcement, fire, and emergency medical services. In recognition of the necessity of quality 911 services being provided to the citizens of South Carolina, the Commission hereby instructs AHCSI to contact the appropriate authorities regarding 911 service in the counties and cities where the company will be operating. Contact with the appropriate 911 service authorities is to be made before beginning local telephone service in South Carolina. Accompanying this Order is a memo from the State 911 Office of the Office of Research & Statistics of the South Carolina Budget and Control Board. This memo provides information about contacting County 911 Coordinators. By this Order an prior to providing local telephone services in South Carolina, AHCSI shall contact the 911 coordinator in each county (and city where the city has its own 911 system) and shall provide information regarding the Company's operations as required by the 911 system.

13. The transfer of ACI's existing local exchange and long distance resale customers and businesses to AHCSI is approved.

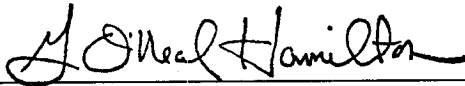
14. This Order shall remain in full force and effect until further notice by this Commission.

BY ORDER OF THE COMMISSION:

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Randy Mitchell, Chairman

ATTEST:

A handwritten signature in black ink, appearing to read "G. O'Neal Hamilton", is written over a horizontal line.

G. O'Neal Hamilton, Vice-Chairman

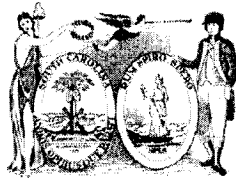
(SEAL)

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF RESEARCH & STATISTICS

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ROBERT W. HARRELL, JR.
CHAIRMAN, WAYS AND MEANS COMMITTEE

FRANK W. FUSCO
EXECUTIVE DIRECTOR

REMBERT C. DENNIS BUILDING
1000 ASSEMBLY STREET, SUITE 425
COLUMBIA, SOUTH CAROLINA 29201

Bobby Bowers
DIRECTOR

August 2, 2004

To: Telephone Companies New to South Carolina

In an effort to continue providing quality emergency services to the citizens of South Carolina, the State 911 Office requests that before beginning telephone services in a county, you contact the 911 Coordinator in that county. This will allow both parties to obtain important information about providing 911 services in that county. If you have already begun services, then contact the coordinator as soon as possible.

A list of County 911 Coordinators can be found on the South Carolina E911 homepage at www.ors.state.sc.us/digital/E-911.ASP. If you have any questions related to 911 in South Carolina, you may contact E911 Coordinations at the Office of Research and Statistics at 803-734-3883. The person responsible for this can also be found on the 911 homepage. Please be aware that some cities may have their own E911 systems, these are also listed on the 911 homepage. These city coordinators will need to be contacted in addition to the county coordinators.

ECONOMIC RESEARCH
WILLIAM GILLESPIE
(803) 734-3805

GEODETIC SURVEY
5 GEOLOGY ROAD
COLUMBIA, S.C. 29210
LEWIS LAPINE
(803) 896-7700

DIGITAL CARTOGRAPHY
(803)734-3802

HEALTH & DEMOGRAPHICS
STATISTICS
1919 BLANDING STREET
COLUMBIA, S.C. 29201
WALTER P. BAILEY, M.P.H.
(803) 898-9941